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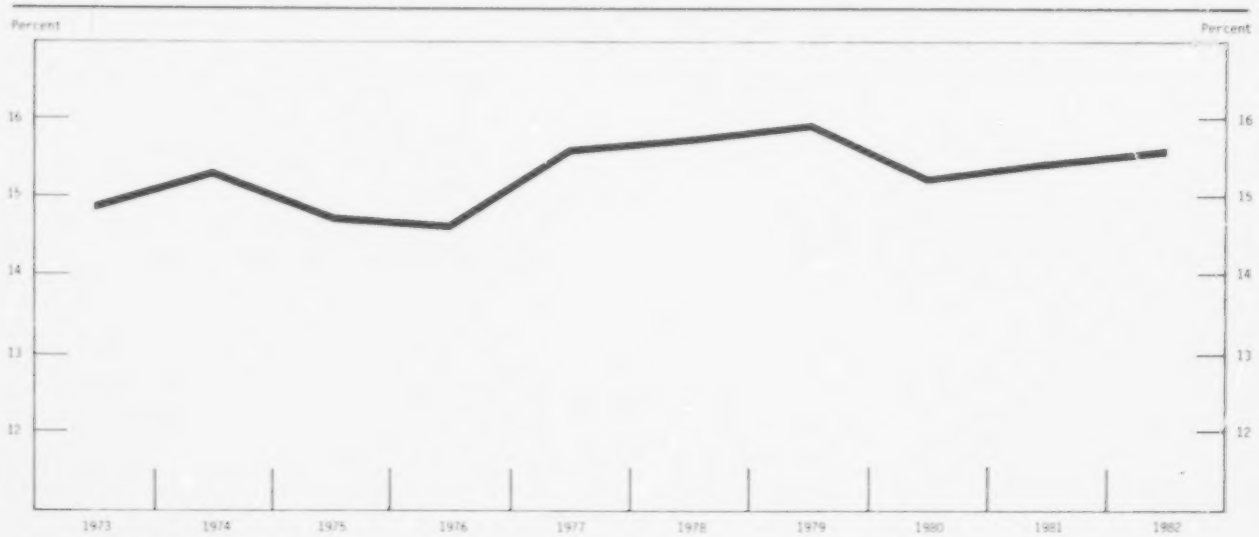
FinanceFacts
A Monthly Publication on Consumer Financial Behavior
JUNE 1983

Total Debts as a Percent of Total Assets, Household Sector
1973-1982



American Financial Services Association Chart
Source: Federal Reserve System

As pointed out in last month's Finance Facts, household assets have risen sharply in the post World War II era. From $687 billion at the end of 1945, household sector assets climbed to almost $11 trillion at the end of 1982. Nevertheless, it seems the public at large devotes more attention to increases in households' debts than assets. Household liabilities have also risen in the postwar era, as we are constantly reminded by the media. Total household liabilities of only $34 billion in 1945 rose to $1.7 trillion at the end of 1982. The major components are home mortgages and consumer installment credit, equalling $1.1 trillion and $345 billion, respectively, in 1982.

In many ways more interesting than the gross totals of assets and debts is the relationship between them. The chart shows debts as a percent of assets over the past 10 years. Despite concern in some circles that houshold financial conditions have been deteriorating, the trend is almost imperceptible. Debts increased over the period, but assets increased about as rapidly on a percentage basis from a much higher starting point. As a result, the ratio of debts to assets remained roughly level over the period, ranging only narrowly from 14.5 percent in 1976 to 15.9 percent in 1979 before falling off again. The household sector's debt to assets ratio simply has not changed very much for many years. Stated conversely, the household sector's equity or net worth in its assets has remained approximately constant at 85 percent for the last decade.

Still, household borrowing is substantial, and the bulk of it is provided by financial intermediaries. The table on the back page provides distributions of sources

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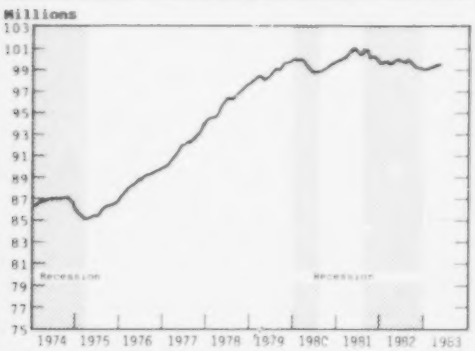
1101 Fourteenth Street, N.W. Washington, D.C. 20005 (202) 289-0400

Total Civilian Employment

By Months (Seasonally Adjusted) 1974-1983



Source: Department of Labor

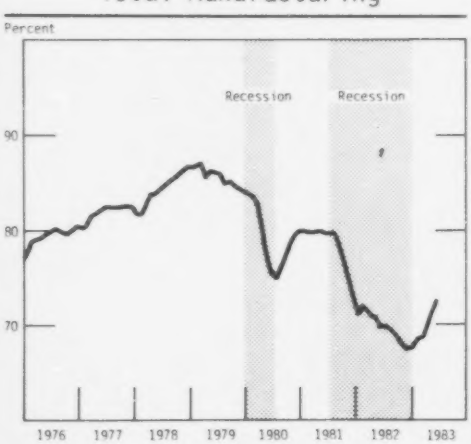
EMPLOYMENT

Employment rose in May and unemployment was little changed. May's unemployment figure including resident Armed Forces in the labor force was 10.0%, down from 10.1% in April. The rate for civilian workers was 10.1% in May, down from 10.2% in April. The number of persons on nonagricultural payrolls rose by 375,000 in May. Particularly strong growth took place in construction, manufacturing and services. Total civilian employment reached 99.6 million, seasonally adjusted, in May after a relatively large increase in April. Since last December's recession low of 99.1 million, employment has risen by almost half a million.

CONSUMER INSTALLMENT CREDIT

Consumer installment credit outstanding during April increased by $2.27 billion to $347.6 billion, seasonally adjusted, following a $2.58 billion increase in March. After a large increase in automobile credit in March of $1.22 billion, this category rose $0.69 billion in April. Growth in the large "other" category (personal loans, home improvement and other goods credit) picked up from the March pace, increasing $0.64 billion in April from an increase of $0.25 billion in March. Revolving credit expansion slowed somewhat rising $0.92 billion, but followed an increase in March of $1.18 billion that was the largest since June 1978.

Capacity Utilization - Total Manufacturing



Source: Federal Reserve Board

CAPACITY UTILIZATION

In May, capacity utilization advanced 0.7 percentage point to 72.0%. The rate for industrial materials also increased 0.7 percentage point in May, reaching 71.7%. Since the end of 1982 the manufacturing rate has risen an average of 0.9 percentage point per month while the materials rate has averaged an increase of 1.3 percentage points per month. Capacity utilization has risen particularly rapidly since December for textile, rubber and plastics and primary metals. Capacity utilization for producers of energy materials remained about unchanged in May.

Gregory D. Luetscher

CONSUMER SECTOR INDICATORS

		1981 IV	1982 I	1982 II	1982 III	1982 IV	1983 I
EMPLOYMENT, INCOME, AND SPENDING							
Employment: Household Survey [1/]		100,087	99,660	99,720	99,605	99,135	99,090
Employment - Population Ratio [2/]	%	58.5	58.1	58.0	57.7	57.3	57.1
Disposable Personal Income [3/]	$	2,101.4	2,117.1	2,151.5	2,198.1	2,224.3	2,247.2
Personal Consumption Expenditure [3/]	$	1,884.5	1,919.4	1,947.8	1,986.3	2,030.8	2,054.2
Personal Saving [3/]	$	158.6	139.1	144.3	152.0	133.4	131.9
CONSUMER INSTALLMENT CREDIT							
Total Outstanding [4/]	$	326.3	329.0	333.9	335.2	339.3	345.4
Percent Change	%	0.1	0.8	1.5	0.4	1.2	1.8
Market Share (%)							
Commercial Banks		44.7	44.6	44.4	44.3	44.2	44.2
Finance Companies		27.4	27.5	27.8	27.6	27.7	27.7
Credit Unions		14.0	13.9	13.8	13.8	13.8	13.7

1/ Excludes Resident Armed Forces. Thousands, seasonally adjusted quarterly average
2/ Civilian employment as a percent of the civilian noninstitutional population, seasonally adjusted quarterly averages
3/ Billions, seasonally adjusted annual rate
4/ Billions, seasonally adjusted

Source: Federal Reserve Board, Bureau of Labor Statistics, U.S. Department of Commerce, AFSA.

The above data are updates and revisions to data last presented in the March 1983 issue of Finance Facts. Estimates are revised periodically by the statistical agencies to incorporate methodological changes and new source data.

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of mortgage and consumer credit outstanding at year-end 1982. The largest mortgage lenders are the savings and loan associations followed by the Federal agencies and mortgage pools. In the installment credit area, commercial banks are the largest holders followed by finance companies and credit unions. However, finance companies have been growing more rapidly in recent years. Along with savings and loan associations they have seized market share from the other consumer creditors, particularly from commercial banks.

Thomas A. Durkin

Sources of Mortgage and Consumer Credit, Year-End 1982

	Mortgage Credit Outstanding on 1-4 Family Homes		Consumer Installment Credit Outstanding	
	Billions of dollars	Percent	Billions of dollars	Percent
Commercial Banks	$ 177.1	16.0	152.1	44.1
Savings and Loan Associations	400.6	36.3	13.9	4.0
Mutual Savings Banks	63.7	5.8	3.0	0.9
Finance Companies	1/	1/	94.3	27.3
Credit Unions	1/	1/	47.2	13.7
Life Insurance Companies	17.0	1.5	--	--
Federal and Related Agencies	258.8	23.4	--	--
Owned outright	76.7	6.9	--	--
Mortgage pools or trusts	182.1	16.5	--	--
Individuals and others	187.3	17.0	--	--
Retailers	--	--	30.2	8.8
Gasoline Companies	--	--	4.1	1.2
TOTAL	1,104.5	100.0	344.8	100.0

1/ Included in "Individuals and others"

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